P. O. Box 1590
Jacksonville, Texas

October 24, 1951

Mr. O. D. Judd, Chief
Petroleum Branch
Office of Price Stabilization
Washington, D. C.

In Re: Gas Contract Approval
LeCuno Oil Company.

Dear Sir:

Dan Lester, Leonard Culbertson and Summers A. Norman, d b a LeCuno Oil Company, respectfully make application as per Section 23a(c)(3)(ii) of Ceiling Price Regulation 17, Amendment 1, to your body for approval of their gas contract with the Mississippi River Fuel Corporation for the sale of gas in the Waskom Field, Harrison County, Texas, which order authorizes the Director of Price Stabilization to approve in-line area ceiling prices for the sale of natural gas.

(1) For the sale of natural gas in the Waskom Field, Harrison County, Texas, we respectfully request a ceiling price of 10¢ per M.C.F. at the "wellhead".

It is understood by the writer that 10¢ per M.C.F. is the established ceiling price made by OPS in the Harrison County, Texas area, for sale of natural gas at the "wellhead" on a pressure of 14.65 P.S.I. for the first two years of the contract, and the same price established and con-

forms to the ceiling price of other sellers of the same class for gas produced in this area.

(2) *It is specifically requested that approval be given for 2¼¢ for gathering, dehydration and compression charges.*

The gathering charges are to be ¾ of a cent per M.C.F. for high pressure gas and 1¾ of a cent per M.C.F. for low pressure gas; compression charges are specified as being 1¢ per stage for M.C.F. with a 2% maximum; dehydration charges are specified as being ¼¢ per M.C.F.

By way of explanation, we are to dump gas into the Mississippi River Fuel Corporation line from our central dehydration and treating plant and our wells are scattered in a radius, being approximately seven miles apart, and it is necessary for us to construct gathering lines connecting the wells to our main plant and central delivery point.

The first sale of gas by us will be made on or near November 1, 1951, at the price of 10¢ per M.C.F. at the "wellhead" and the charges as outlined above will be made for gathering, compression and dehydration.

We have reached an agreement with Mississippi River Fuel Corporation wherein they agree to pay us 2¼¢ for all gas delivered as an average over-all for gathering, compression and dehydration charges. At this date, we have not sold any gas as we are making connections as of November 1, 1951, at which time we hope to connect at least five wells to the Mississippi River Fuel Corporation pipeline at our central station, after we have gathered, dehy-

drated and compressed the gas, in order to maintain a delivery pressure of 1000 p.s.i. for induction into the main pipeline, as provided for in said contract.

There is enclosed herewith a conformed copy of the Mississippi River Fuel Corporation contract for your information and if there is any further information you may desire in this connection, please do no hesitate to advise us.

Respectfully yours,

Dan Lester
Leonard Culbertson
Summers A. Norman
d/b/a LeCuno Oil Company

By:
Summers A. Norman

Office of Price Stabilization
Washington 25, D. C.

In reply refer to: 2163

Docket No. C.P.R. 17 Sec. 23-63-12 January 3, 1952

LeCuno Oil Company
P. O. Box 1590
Jacksonville, Texas

Attention: Mr. Summers A. Norman

CPR 17, Amdt. 1, Sec. 23a, Order No. L-127

Gentlemen:

Reference is made to your application dated October 24, 1951, for approval of your proposed ceiling price for the sale of natural gas produced from the Waskom Field, Harrison County, Texas under Section 23a(c)(3)(ii) of Ceiling Price Regulation 17, Amendment 1. This order authorizes the Director of Price Stabilization to approve an in-line ceiling price for natural gas.

The price you have filed for the sale of natural gas produced from the Waskom Field, Harrison County Texas under the contract submitted dated June 15, 1951, with the Mississippi River Fuel Corporation is 12 cents per MCF for the first two year period measured on a pressure base of 14.65 p.s.i.a., delivered at or near your dehydration plant located in the Waskom Field, Harrison County, Texas at a maximum delivery pressure of 1,000 p.s.i.g. and containing a minimum BTU value of 1,000 plus 1 cent per MCF for compression and $\frac{1}{4}$ of 1 cent per MCF for dehydration, with the contingent liability on the part of the buyer if the

buyer shall pay a price higher than provided in this contract—within 55 miles of central delivery point in Woodlawn Field, Harrison County, Texas for receipt of gas from Stanolind Oil and Gas Company and other producers —then such higher price shall be paid to LeCuno Oil Company.

It appears that the price provisions of your contract dated June 15, 1951, with the Mississippi River Fuel Corporation are not in line with the existing prices for the sale of natural gas produced in this same general area.

On the basis of all of the evidence available to the Office of Price Stabilization, it appears that the ceiling price for the sale of natural gas produced from the Waskom Field, Harrison County, Texas and sold under your contract dated June 15, 1951, with the Mississippi River Fuel Corporation should be: not in excess of 10¢ per MCF measured on a pressure base of 14.65 p.s.i.a. delivered at or near your dehydration plant located in the Waskom Field, Harrison County, Texas at a maximum delivery pressure of 1,000 p.s.i.g. and containing a minimum BTU value of 1,000.

After due consideration of the foregoing and pursuant to Section 23a(c)(3)(ii) of Ceiling Price Regulation 17, Amendment 1, IT IS ORDERED:

(a) That your proposed ceiling price for the sale of natural gas produced from the Waskom Field, Harrison County, Texas and sold to the Mississippi River Fuel Corporation under your contract dated June 15, 1951, is hereby disapproved.

(b) That your ceiling price for the sale of natural gas produced from the Waskom Field, Harrison County, Texas and sold under your contract dated June 15, 1951, with the Mississippi River Fuel Corporation shall be: 10 cents per MCF measured on a pressure base of 14.65 p.s.i.a. delivered at or near your dehydration plant located in the Waskom Field, Harrison County, Texas at a maximum delivery pressure of 1,000 p.s.i.g. and containing a minimum BTU value of 1,000.

(c) All provisions of Ceiling Price Regulation 17, Amendment 1, except as changed by the pricing provisions of this order, shall remain in full force and effect as far as you are concerned.

(d) This order may be amended, modified or revoked at any time by the Director of Price Stabilization.

A copy of this order has been filed with the Recording Secretary of the Office of Price Stabilization at Washington, D. C., where it may be examined by the public.

This order shall become effective immediately.

Very truly yours,

Michael V. DiSalle
Director
Office of Price Stabilization

BY: s/ G. Storer Baldwin
G. Storer Baldwin, Director
Transportation, Public Utilities
and Fuels Division

cc: Mississippi River Fuel Corp.
St. Louis, Mo.

January 11, 1952

Mr. G. Storer Baldwin
Director,
Transportation, Public Utilities & Fuel Divisions
Office of Price Stabilization
Washington, D. C.

In re: 2163 Docket CPR 17, Section 23-63-12
CPR, Amdt. 1, Section 23a
Order No. L-127

Dear Sir:

Reference is made to your Order Letter No. 127 which bears the date of January 3, 1952, and received by the undersigned by registered mail on January 7, 1952, at Jacksonville, Texas.

It is felt by the writers that the position of the LeCuno Oil Company has been misunderstood, and that the Order Letter referred to above, was the fruits of a misunderstanding as to the difference of gas pricing at "wellhead" and or "delivery point".

Your attention is called to paragraph 2 of your Order Letter, wherein you erroneously state, that the price under the contract submitted between the Mississippi River Fuel Corporation and the LeCuno Oil Company was 12¢ per MCF on a pressure base of 14.65 p.s.i.a. and at a delivery pressure of 1000 p.s.i.g. and containing B.T.U. value of 1000; plus a 1¢ per MCF charge for compression and ¼ of 1¢ per MCF for dehydration. The delivery and processing

charge thus stated are in fact not as outlined in our letter dated October 24, 1951. However, in reality, LeCuno's request was for a "wellhead" price of 10¢ per MCF, the same being the "wellhead" price that was granted to Stanolind Oil and Gas Company, et al. in the Woodlawn Field, Harrison County, Texas, and the ceiling price which was established by your Order Letter of August, 1951, and which was represented to the Oil and Gas Industry to be your ceiling price for this area.

LeCuno's request of October 24, 1951 was definitely a request of 10¢ per MCF based upon a 14.65 p.s.i.a. at "wellhead", and nothing more. It was felt, in order to be fair with the Office of Price Stabilization that the service charges for gathering and preparing the gas for pipeline delivery to a central delivery point should be broken down so as to show the reasonableness of them. In doing so, we are fearful that we have confused the issue.

Therefore, it is specifically requested that your file in this matter be reviewed and that LeCuno be granted a 10¢ "wellhead" delivery price per MCF at a pressure base of 14.65 p.s.i.a. for the gas sold from Waskom Field in Harrison County, Texas, which is commensurate with the ceiling price heretofore definitely established and set out for Stanolind, et al, in the Woodlawn Field in Harrison County, Texas, both of which fields are in close proximity to each other and whose gas is of the same nature and grade and being purchased by the Mississippi River Fuel Corporation.

Representatives of our company met with your Committee yesterday outlining our position in this matter and

we want it clearly understood that we are not asking for an increase in the ceiling price for our gas, but rather that your Order conform to the ceiling price heretofore established in the Woodlawn Field, Harrison County, Texas.

We wish to further emphasize that we feel that this ceiling price established by you in the Woodlawn Field is certainly not in excess of what the prices would have been had it not been for the present emergency. However, as stated hereinbefore, we feel that the ceiling price as outlined in your letter to us is discriminatory in relation to the ceiling price as so established.

We respectfully request therefore, that an amended order be issued by your Authority for an in-line price of 10¢ per MCF based upon a 14.65 pressure base of gas delivered at wellhead, rather than at a central delivery point as heretofore provided in your Letter Order referred to in the preamble hereinabove.

Very truly yours,

Dan Lester

Leonard Culbertson

/s/ Summers A. Norman

Summers A. Norman

DBA LECUNO OIL COMPANY

cc: Mississippi River Fuel Corp.

OFFICE OF PRICE STABILIZATION
Washington 25, D. C.

In reply refer to: 2163

Docket No. CPR 17, Sec. 23-63-12

January 23, 1952

Le Cuno Oil Company
P. O. Box 1590
Jacksonville, Texas

Attention: Mr. Summers A. Norman

Amendment No. 1 to Order No. L-127 under
Ceiling Price Regulation 17, Amdt. 1, Sec. 23a.

Gentlemen:

Reference is made to your application dated October 24, 1951, for approval of your proposed ceiling price for the sale of natural gas produced from the Waskom Field, Harrison County, Texas under Section 23a(c)(3)(ii) of Ceiling Price Regulation 17, Amendment 1, and to our Letter Order No. L-127 dated January 3, 1952.

Our order No. L-127 should have established the same price for Waskom as was established for Woodlawn since both fields are in the same general producing area. The Director established a ceiling price of 10 cents per MCF for gas delivered at the wellhead in the Woodlawn Field by Letter Order No. L-50, dated August 22, 1951, but Order No. L-127 established your ceiling price "at or near your dehydration plant located in the Waskom Field, Har-

rison County, Texas". It is therefore necessary to amend Order No. L-127 to read "delivered at the wellhead" so that the price established for both fields will be the same.

After due consideration of the foregoing, IT IS ORDERED:

(a) That paragraph (b) of Letter Order No. L-127 is amended to read as follows: "(b) That your ceiling price for the sale of natural gas produced from the Waskom Field, Harrison County, Texas and sold under your contract dated June 15, 1951, with the Mississippi River Fuel Corporation shall be 10 cents per MCF delivered at the wellhead measured on a pressure base of 14.65 pounds."

(b) All provisions of Letter Order No. L-127, except as changed by this amendment thereto, shall remain in full force and effect as far as you are concerned.

A copy of this amendment has been filed with the Recording Secretary of the Office of Price Stabilization at Washington, D. C. where it may be examined by the public.

This amendment shall become effective immediately.

Very truly yours,

Michael V. DiSalle
Director
Office of Price Stabilization

BY: s G. Storer Baldwin

G. Storer Baldwin, Director
Transportation, Public Utilities
and Fuel Division